

March 11, 2025

Turk Telekom

Results exceed expectations

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According to inflation accounting provisions (IAS-29), Turk Telekom printed a net profit of TRY 4,289mn in 4Q24. (4Q23: TRY 23,116mn net profit (TRY 24,537mn tax expenses was the reason for the positive deviation)). Our expectation was for net profit of TRY 1,443mn, while the market's was for TRY 2,287mn. Lower-than-expected financial expenses (TRY -5.563mn) led to deviation from our net profit expectation. In this quarter, a TRY 3,621mn monetary gain, TRY 2,645mn net other income, and TRY 1,040mn income from investment activities supported net profit, while TRY 10,918mn of tax expenses suppressed it.

The company booked a net sales revenue of TRY 45,577mn adjusted for the IAS-29 effect, somewhat above our TRY 44,734mn expectation and the market's TRY 44,805mn expectation. Total subscribers remain flat quarterly at 53.2mn. Excluding the 192K loss in the fixed voice segment and 354K write-down in the Tivibu Go subscriber base, quarterly net additions were 488K despite typical low seasonality in 4Q24. ARPU has increased 18.8% YoY in the fixed broadband segment and 19.8% YoY in mobile blended, supporting the revenues.

Operational profitability was robust with control of costs and operational expenses. The gross margin was at 50.4% (4Q23: 22.9%) in 4Q24. EBITDA came in at TRY 17,973mn, up 45% YoY, including the effect of IAS-29, above our and the market's TRY 17,047mn expectation. The EBITDA margin was at 39.4% in 4Q24 (4Q23: 32.6%).

Net debt slightly decreased... At the end of 2024/12, net debt position slightly shrank to TRY 52.5bn from TRY 53.8bn.

2024 performance: The company printed TRY 151,980mn of revenues (Exc IFRIC 12) with an 12.4% yearly increase (guidance: 11-13%). The EBITDA margin was at 39.1% (guidance: 38%).

2025 guidance: The company expects an 8-9% revenue increase and 38-40% EBITDA margin. (The company has determined its targets with the assumption of annual CPI in the mid-upper range of 20% levels by the end of 2025).

In light of the financial statements, the company's guidance and our expectations, we maintain our 12-month target price for TTKOM of TRY 74.82/share. We also maintain our "OUTPERFORM" recommendation as our target price represents 51% upside potential compared to the closing price on March 10, 2025.

OUTPERFORM
TP: TRY 74.82
Previous TP: TRY 74.82
Upside potential: 51%

	TRY	US\$
Close	49,62	1,36
BIST 100	10,422	286
US\$/TRY(CB Bid Rate):	36,315	
52 Week High:	57,80	1,71
52 Week Low:	28,64	0,89
Bloomberg/Reuters Ticker:	TTKOM.TI / TTKOM.IS	

Number of Shares (Mn): 3.500

	(TRY Mn)	(US\$ Mn)
Current Mcap :	173.670	4.764
Free Float Mcap :	22.577	619

	1 M	YOY	YTD
TRY Return (%):	-0,7	58,1	14,1
US\$ Return (%):	-2,1	38,2	10,4
BIST 100 Relative (%):	-6,2	38,9	7,6
Avg. Daily Vol. (TRY Mn):	951,6		
Avg. Daily Vol. (US\$ Mn):	28,0		

Beta	1,00
Volatility (Stock)	0,37
Volatility (BIST 100)	0,23

Shareholder Structure	%
Turkish Wealth Fund	60,0
Turkish Treasury	25,0
Free Float	15,0
Total	100,0

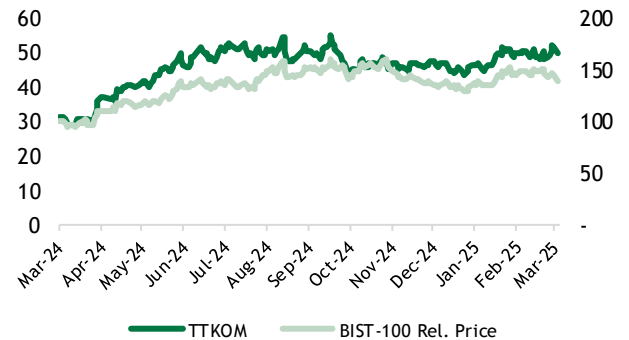


Figure 1: Financials (Including IAS-29)

TRY Million	YE23	YE24	YoY	4Q23	4Q24	YoY
Revenues	144.645	161.651	11,8%	37.901	45.577	20,3%
Gross Profit	31.574	59.447	88,3%	8.675	22.988	165,0%
Gross Profit Margin	21,8%	36,8%		22,9%	50,4%	
EBIT	-4.088	23.016	N.M.	-923	13.723	N.M.
EBIT Margin	-2,8%	14,2%		-2,4%	30,1%	
EBITDA	48.400	63.148	30,5%	12.373	17.973	45,3%
EBITDA Margin	33,5%	39,1%		32,6%	39,4%	
Net Profit	23.709	8.456	-64,3%	23.116	4.289	-81,4%
Net Profit Margin	16,4%	5,2%		61,0%	9,4%	

Source: Finnet, Seker Invest Research

Figure 2: Key financials (Including IAS-29)

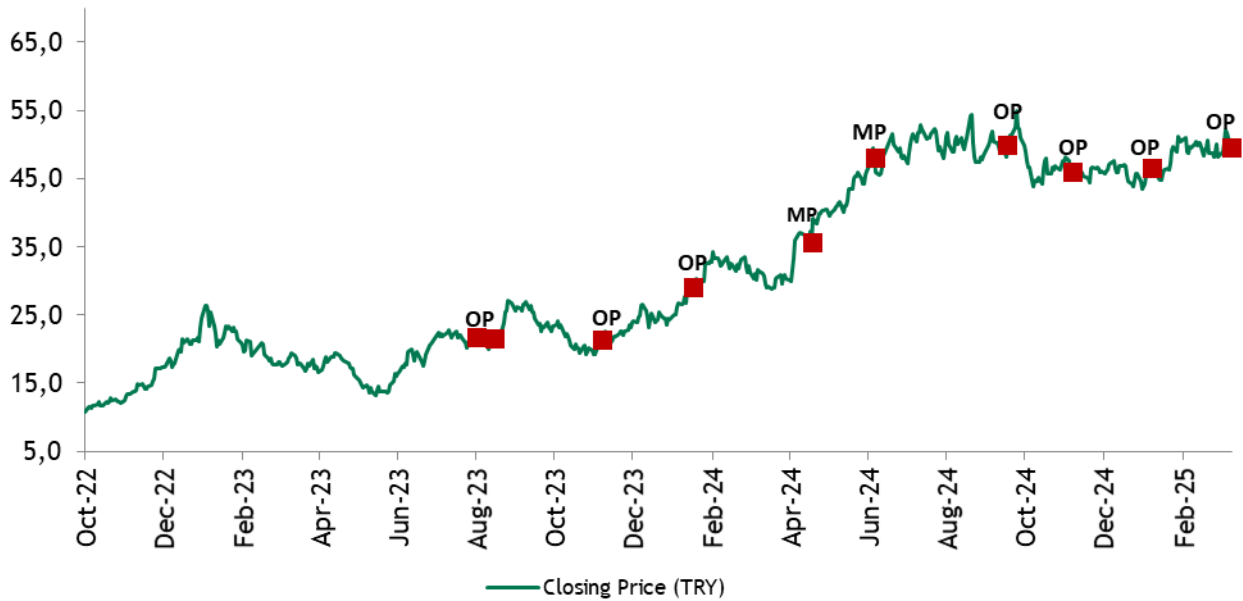
BALANCE SHEET (TRY Mn)	2023/12	2024/12	%
PP&E	109.710	113.615	4%
Intangibles	79.913	84.193	5%
Other Non-Current Assets	21.867	12.978	-41%
Trade Receivables	19.263	21.858	13%
Cash&Equivalents	19.623	7.532	-62%
Other Current Assets	30.760	30.081	-2%
Total Assets	281.136	270.257	-4%
Long Term Debt	46.924	43.906	-6%
Other Non current liabilities	10.619	15.664	48%
Short Term Debt	19.333	12.024	-38%
Trade Payables	20.356	21.923	8%
Other Current Liabilities	41.993	30.649	-27%
Total Liabilities	139.225	124.165	-11%
Total Equity	141.910	146.092	3%
Total Equity&Liabilities	281.136	270.257	-4%

INCOME STATEMENT (TRY Mn)	2022/12	2023/12	2024/12	%
Net Sales	131.964	144.645	161.651	12
COGS	101.624	113.072	102.204	(10)
Gross Profit / (Loss)	30.339	31.574	59.447	88
Operating Expenses	30.740	35.662	36.431	2
Operating Profit / (Loss)	(400)	(4.088)	23.016	N.M.
Net Other Operational Gain / (Loss)	(1.562)	(2.926)	2.269	N.M.
Income / (Loss) from Investing Activities	7.121	6.688	4.129	(38)
Financial Income / (Expense)	(27.675)	(28.191)	(27.483)	N.M.
Monetary Gain / (Loss)	23.505	34.028	26.053	(23)
Share of profit of equity accounted investments	-	-	-	N.M.
Profit Before Tax (Loss)	10.891	4.953	24.655	398
Tax	915	(18.757)	16.199	N.M.
Net Profit/(Loss)	9.976	23.709	8.456	(64)
Minority Interest	-	-	-	N.M.
Parent Equity	9.976	23.709	8.456	(64,3)

TTKOM

Source: Seker Invest

Historical Recommendations and target prices



Date	Rec	Target Price (TRY)
1-Aug-23	Outperform (OP)	25,90
15-Aug-23	Outperform (OP)	28,96
7-Nov-23	Outperform (OP)	31,58
16-Jan-24	Outperform (OP)	41,12
18-Apr-24	Market Perform (MP)	41,12
6-Jun-24	Market Perform (MP)	56,78
17-Sep-24	Outperform (OP)	69,05
7-Nov-24	Outperform (OP)	69,05
7-Jan-25	Outperform (OP)	74.82
11-Mar-25	Outperform (OP)	74.82

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

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